



PARKLAND INCOME FUND 2002 ANNUAL REPORT

# DRIVING VALUE HOME

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### ON THE COVER

2002 marks Parkland's 25th year of service in western Canada. Shown on the front and back cover are the leading brands that contribute to our success.

### FORWARD-LOOKING STATEMENT

This annual report includes forward-looking statements regarding Parkland Income Fund's operations, anticipated financial performance, business prospects and strategies. Forward-looking information may involve words such as "believe", "expect", "anticipate", or similar words implying future outcomes. Readers are cautioned not to place undue reliance on forward-looking information because it is possible that predictions, forecasts and other forms of forward-looking information will not be achieved by Parkland Income Fund. Parkland Income Fund is under no obligation to update publicly or otherwise revise any forward-looking information.

Parkland Income Fund is an unincorporated, open-ended limited purpose mutual fund trust established under the laws of the Province of Alberta on April 30, 2002.

On June 28, 2002, the Fund acquired the fuel marketing, convenience stores and related ancillary businesses formerly owned by Parkland Industries Ltd. The conversion to a Fund was undertaken to enhance shareholder value, generate pre-tax cash flows, improve liquidity and provide improved access to growth capital in financial markets.

Parkland Income Fund, through Parkland Industries LP, is one of western Canada's largest independent marketers of transportation fuels. Our retail fuel marketing business operates under the Fas Gas

brand, our wholesale fuel marketing under the RT Fuels brand, and our convenience stores under the Short Stop Food Stores brand.

Parkland has developed a geographically diverse network of fuel marketing and convenience stores in British Columbia, Alberta, Saskatchewan, Manitoba, the Yukon and Northwest Territories. We focus on serving our customers through our stations and stores in non-urban markets.

In 2002, Parkland celebrated its 25th anniversary of serving customers. Parkland was recently recognized by Alberta Venture magazine as one of Alberta's 30 fastest growing companies. Parkland is listed on the Toronto Stock Exchange under the trading symbol PKI.UN.

*"To us, our success is measured by the exceptional value and service we provide to our customers and the consistent returns we deliver to our unitholders. Either way, it's about driving value home."*

Andrew B. Wiswell, President and CEO





Andrew B. Wiswell joined Parkland as President and Chief Executive Officer in December 2001.

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*“Over the past 25 years, Parkland’s business has grown through adding sites strategically one by one, and through prudent acquisitions”*

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## DEAR FELLOW UNITHOLDERS,

For Parkland, the last 18 months have been extremely active, highlighted by significant leadership and structural change, positive financial performance and strong delivery of shareholder and unitholder value.

### LEADERSHIP AND STRUCTURAL CHANGE

In December 2001, Jack Donald, Founder, President and CEO of Parkland, retired after 25 years of providing outstanding leadership. Together, Jack and his wife Joan built Parkland from one station in 1977, into a business that today supplies fuel to 446 sites across western and northern Canada. This kind of success is attributed to the Donald’s hard work and indisputable entrepreneurial spirit. I was honoured to be asked to follow Jack into the role of President and CEO, effective December 2001. Jack’s mentoring and advice in his current role as Chairman and Joan’s ongoing contribution as a Board member continues to benefit our entire team.

In terms of structural change, Parkland Industries Ltd. converted into Parkland Income Fund effective June 28, 2002. We recognized the suitability of Parkland’s business to the Income Fund model; it was a mature business with modest growth potential, required limited maintenance capital to ensure its sustainability, maintained a strong balance sheet and was fully taxable as a corporation. Parkland’s shareholders benefited from the structural change by receiving

pre-tax cash flows and enhanced shareholder value. The transition to an income fund also provided improved liquidity and better access to growth capital in financial markets.

### STRONG FINANCIAL PERFORMANCE

The favourable combination of positive fuel market conditions and Parkland’s strong operating performance contributed to outstanding financial results in 2002 – the fiscal year ended June 30 was the second best in our 25-year history. Upon conversion to an income fund, we made the decision to change Parkland’s year-end to December 31 to facilitate comparisons between Parkland and other income funds.

The Fund’s performance in the first six months ended December 31, 2002 exceeded expectations. Our three main business units – Retail Fuel Marketing (branded Fas Gas), Wholesale Fuel Marketing (branded RT Fuels), and our Convenience Stores (branded Short Stop Food Stores) were the primary drivers of these results.

### DELIVERING UNITHOLDER VALUE

Parkland shareholders and unitholders realized outstanding total returns in 2002 due to the share and unit appreciation coupled with consistent monthly distributions commencing August 15, 2002. As at December



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*“Parkland is committed to serving its customers  
in smaller, non-urban communities across western  
and northern Canada.”*

---

31, 2002, those holding shares since the time of our conversion announcement on April 29, 2002 have realized a 70 percent total return and those holding shares since June 28, 2002, the closing of the conversion, have realized a 14 percent return on an annualized basis. We are encouraged by investor interest in the Parkland story. Trading volumes have increased by nearly three times on a normalized basis and we have significantly expanded our market awareness among retail and institutional investors focused on the Income Fund sector.

#### **2002 OPERATIONAL HIGHLIGHTS**

Fas Gas, our Retail Fuel Marketing division, posted its second consecutive year of strong performance by delivering consistent volumes and increased margins. These results have exceeded our forecasts and Fas Gas continues to be the strongest contributor amongst our businesses – a trend we expect to continue in coming years. Improved customer analysis, proposed changes to our marketing programs, new operator models and selective site upgrading will all support 2003 initiatives to ensure Fas Gas remains a leading brand among independent fuel marketers in western Canada.

Our wholesale fuels operation, branded RT Fuels, continued to enhance its market presence by adding attractive retail sites to its network and new reseller accounts. The Wholesale Fuels team also implemented several initiatives during 2002, such as effectively balancing our supply commitments, instituting a new Pricing Centre to implement pricing changes, and broadening

acceptance of our Gold Points loyalty program among our independent dealers. In 2003, RT Fuels will continue to build profitable volume and expand our sources of supply to support ongoing growth.

Founded in 2000, our convenience store business, Short Stop Food Stores, turned profitable in the first half of 2002. Positive fuel performance, growth in same-store merchandise sales, and improving in-store margins all contributed to delivering positive results which will continue in 2003. Specific initiatives to enhance the performance of our Short Stop stores in 2003 include fostering trade and vendor relationships, broadening food service offerings, enhancing marketing and promotional programs and delivering ongoing management and staff training.

Petrohaul, our internally-owned and operated trucking fleet, dispatched and delivered approximately 800 million litres of fuel to our customers in a timely and efficient manner during 2002. In 2003, we expect Petrohaul to handle our ongoing volume growth and deliver efficiency gains while retaining our commitment to safety.

Great Northern Oil, based in Whitehorse, Yukon, continued to deliver positive results this year despite slow economic conditions in northern Canada. New customers will add to Great Northern Oil's profitability in 2003.

We are encouraged by the ongoing progress being made by the Blood Tribe to obtain the necessary approvals from the Federal Government to finalize the

purchase of the Bowden Refinery from the Fund. Completion of the sale is not required to deliver targeted distributions but would provide attractive upside for unitholders.

#### **LOOKING FORWARD**

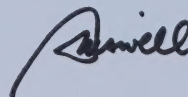
Looking forward to 2003, we expect to see ongoing competition within the fuels business. Major oil companies will continue focusing on refinery upgrades to meet regulatory specifications and on larger fuel and convenience stores in urban markets. Food store operators and large retailers will selectively add fuel to drive traffic to their sites, primarily in large markets.

Taking into account these trends in the marketplace, Parkland will remain true to its strategy going forward. Parkland is committed to serving its customers in smaller, non-urban communities where competition is less intense, pricing and margins tend to be more stable, and real estate and operating costs are lower. We are proud of our 446 locations across western and northern Canada. These retail and wholesale service stations and convenience stores are geographically diverse, however more than 50 percent of our sites are located in the growing Alberta market. We will continue to expand our convenience store presence and grow the contribution from non-fuel revenue. At the same time, we will actively manage our fuel supply arrangements to enhance both flexibility and available margins.

In 2003, the first priority is to drive business performance to meet or exceed expectations, and to

deliver consistent distributions to our unitholders. Distributions are currently targeted at \$0.14 per unit per month, which represents \$1.68 per unit or \$20.4 million on an annualized basis. We have increased our provision for maintenance capital to provide for site enhancements, and have five to six million dollars in discretionary internal growth capital targeted to expand our "food and fuel" businesses in 2003. We will evaluate strategic acquisitions and will move forward only if there is a strong fit and if the transaction is accretive to unitholders. Our positive cash position, conservative debt levels, distribution reinvestment program and undrawn bank lines put Parkland in an excellent position to support our maintenance and growth plans.

2002 marked our 25th anniversary of serving customers in western Canada. We had an exciting year at Parkland, one best characterized by positive change, value enhancement and renewed enthusiasm. I would like to express my appreciation to the management team, our employees and associates, Directors and Trustees, and all of our operators and suppliers for their commitment and support of Parkland over the past year. With such a strong team, I am confident that we will drive value home in 2003 and beyond.



Andrew B. Wiswell  
*President and CEO*  
March 4, 2003





Parkland's first gas station located in Red Deer in 1977.



CELEBRATING 25 YEARS  
of GROWTH and SUCCESS

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*“In 1977, we started with one service station in Red Deer, Alberta. Today, we cover western Canada with 215 Fas Gas stations, including our Short Stop convenience stores, 231 branded independent service stations, 9 cardlocks and 39 long haul fuel trucks. Quite a growth story.”*

Jack C. Donald, Chairman of the Board

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# OPERATIONS OVERVIEW

## PARKLAND *at-a-glance*

Parkland has 446 sites across western and northern Canada, forming its diversified market presence.

## DIVERSIFIED LOCATIONS

Brand presence focused on western and northern Canada in non-urban markets

## DIVERSIFIED BUSINESSES

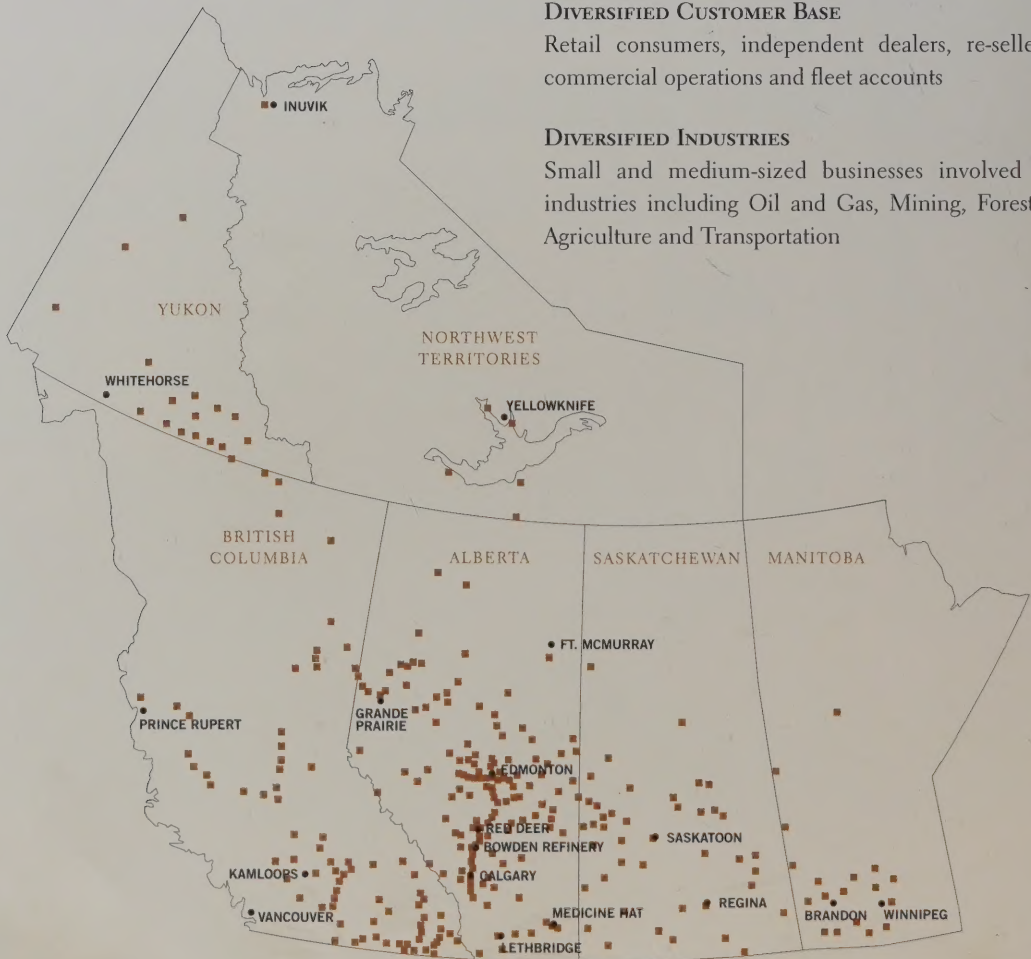
Retail and wholesale fuels, convenience stores and trucking operations

## DIVERSIFIED CUSTOMER BASE

Retail consumers, independent dealers, re-sellers, commercial operations and fleet accounts

## DIVERSIFIED INDUSTRIES

Small and medium-sized businesses involved in industries including Oil and Gas, Mining, Forestry, Agriculture and Transportation







In 2002, Fas Gas was the single largest contributor to Parkland's sales and profits.

In the 25 years since Parkland entered the fuel marketing business it has enjoyed remarkable growth from one site in 1977 to 446 sites handling over 900 million litres of fuel. We share some of the highlights to demonstrate our record of profitable growth through the years.

### RETAIL FUEL MARKETING

Fas Gas is Parkland's retail gasoline chain, which includes 215 stations serving customers across eastern and central British Columbia, Alberta, Saskatchewan and Manitoba. More than 50 percent of these stations are situated on Company-owned sites, with the remaining locations under long-term leases to Parkland. The Fas Gas stations are run by independent commissioned operators who provide on-site management and pump island labour. In addition to gasoline, diesel and in-store merchandise sales, the Fund markets propane at approximately 55 of its Fas Gas stations through its Gasex division.

In 2002, Fas Gas was the single largest contributor to Parkland's sales and profits; its relative contribution amounted to 65 percent of EBITDA. We plan to continue to grow our market presence by adding new sites in non-urban areas. Our performance is enhanced by our attractive long-term fuel supply contract which was secured in 1996.

Customer value and service are critical to our success. We provide full service at prices comparable to our competitors' self-serve stations. This, coupled with our Litre Log program which provides cash rebates to repeat customers, has built a loyal customer base across the Fas Gas network.

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*"Our focus on the smaller communities has been a consistent theme at Fas Gas and has served us well over the 22 years I've been here. As the larger players continue to reduce their presence in these markets, we see ongoing opportunities for growth."*

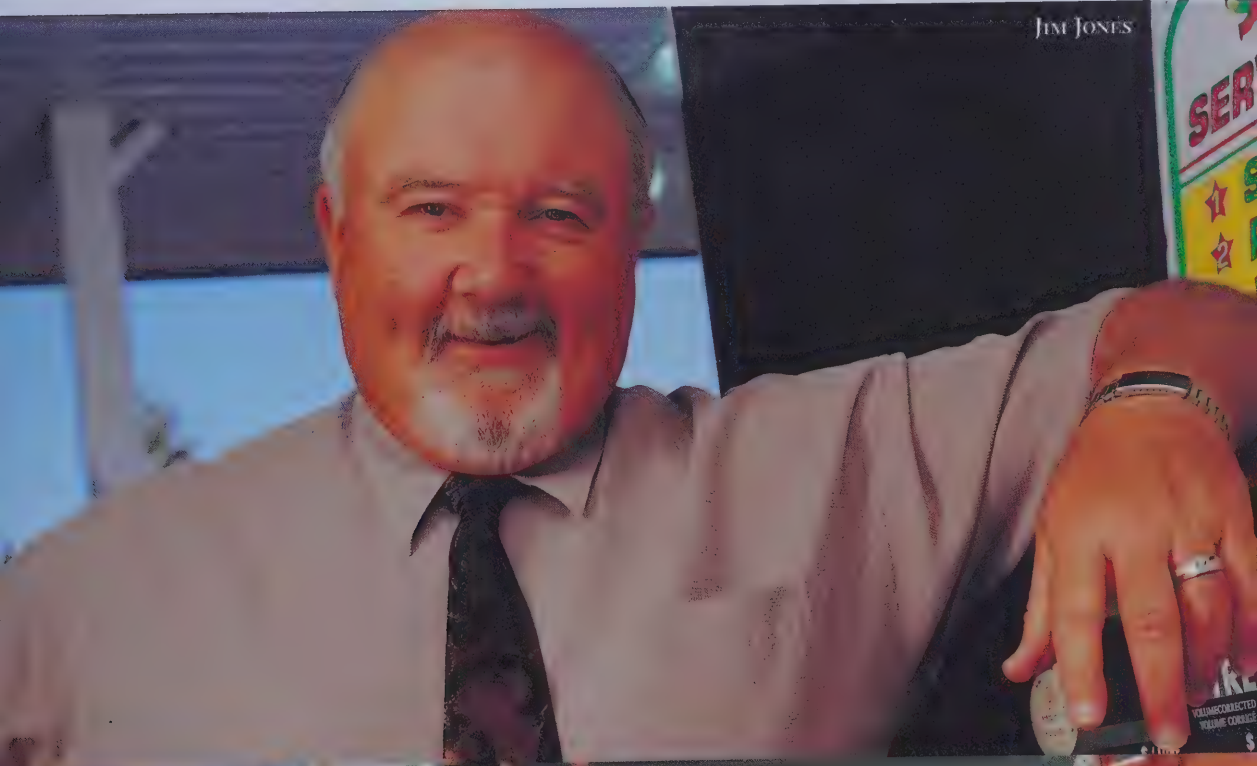
D. Jim Jones, Vice President, Marketing, Fas Gas Oil

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→ 1977

Fas Gas Oil was established with its first service station located in Red Deer, Alberta.



› 1984

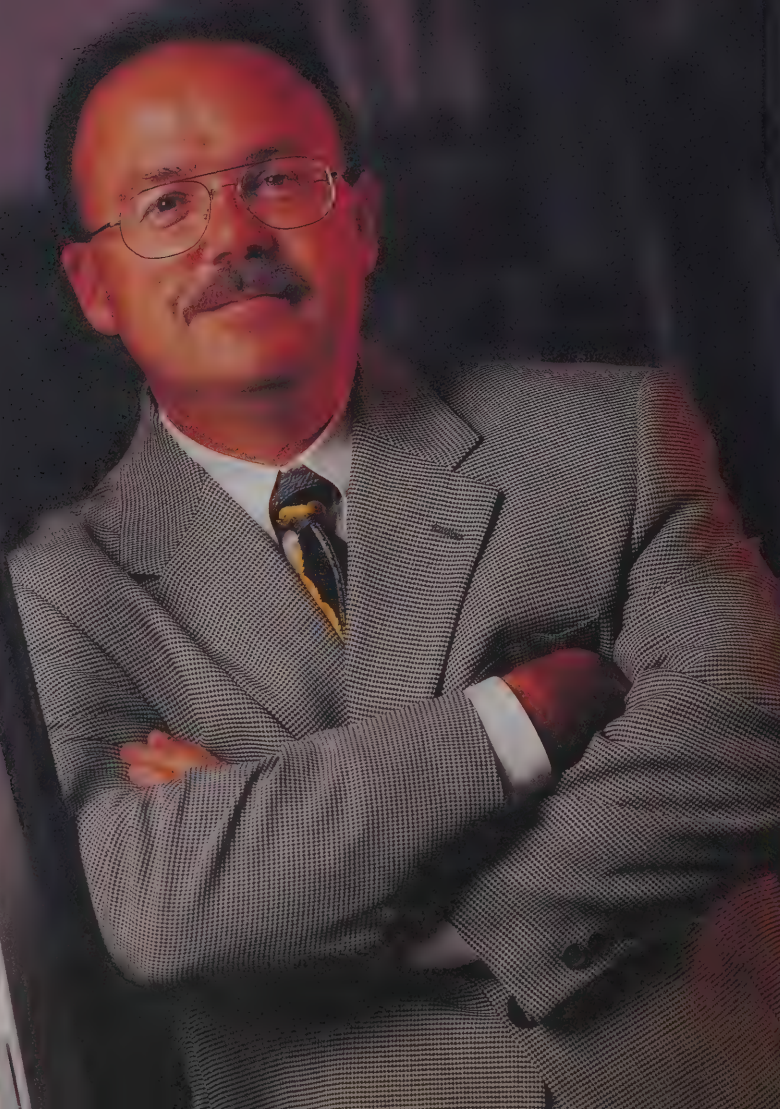
Parkland Industries Ltd., parent company of the operating subsidiaries, was listed on TSX.

› 1987

Acquired the Bowden refinery from Shell Canada. A total of 79 retail service stations were now in operation.



BRADLEY WILLIAMS





› 1994

Acquired Payless Oil Company Ltd., now RT Fuels, as the first significant entry into the wholesale marketing trade. Payless owned seven retail service stations and supplied gasoline and diesel fuel to 68 stations on a wholesale basis. Parkland now had a total of 228 stations.



## WHOLESALE FUEL MARKETING

RT Fuels is Parkland's wholesale sales operation, supplying fuel to 231 branded independent service stations across western and northern Canada. In addition to retail service stations, RT Fuels also markets fuel to commercial customers and other wholesalers. Commercial customers are serviced through nine card-lock facilities and by direct delivery to customer sites. We also generate revenue by supplying fuel to independent wholesalers who in turn re-sell the fuel to their own retail networks or smaller independent customers.

RT Fuels continued to demonstrate strong performance during 2002, which can be attributed primarily to

increased volumes. Its relative contribution to Parkland's EBITDA was 20 percent and was the second largest contributor to the Fund's sales and profits.

During 2002, we continued to roll out the Gold Points program to our retail dealer network. This dealer-funded loyalty program allows customers to collect points which can be used to purchase goods and services from a variety of Canadian and American suppliers. Parkland is the only fuel marketer in western Canada permitted to offer this program to its customers, presenting us with a unique competitive advantage.

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*“We are extremely proud of the increasing growth and contribution that RT Fuels is making to Parkland's business. Our team has developed an extensive network of branded dealers and a broad base of wholesale customers that recognize the exceptional value we offer.”*

Bradley Williams, General Manager, RT Fuels

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1996

Acquired Thrifty Gas, which operated 51 stations located primarily in southeastern British Columbia.

Acquired an additional 19 sites from Petro-Canada.



## CONVENIENCE STORES

In fiscal 2000, we entered the convenience store business with a new brand, Short Stop Food Stores. These Company-owned and operated sites market fuel under the Fas Gas brand and offer a variety of food, beverage, snack and convenience products. All Short Stop stores are equipped with lottery terminals and Automated Teller Machines. In many locations, our Short Stop stores offer customers the only 24-hour service in the area. Short Stop currently operates 28 fully redeveloped convenience stores, with another four stores scheduled for reconstruction during 2003. We plan to continue to redevelop stores within our target markets to serve our

customers better and to enhance the overall financial contribution from our sites.

Our Convenience Store business continues to grow in gross sales, number of stores and profitability. Our customer base is expanding, attracted to our sites by our fresh new look and our broader product offering. This ongoing growth has significantly enhanced Short Stop's supplier relationships resulting in improved costing, product selection and promotional support. We expect Short Stop's contribution to grow in the future and its merchandising capabilities to assist in building our Fas Gas network's offering and profitability.

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*"Moving forward, we are excited about the potential of our stores. The quality of our people, our product offering and the positive responses from our customers and suppliers all support our ongoing growth. We achieved profitability in our third year of operations and our team is committed to driving increasingly higher levels of sales growth and profits."*

Tim Rhodes, General Manager, Short Stop Food Stores



› 1997

Acquired the Prairie operations of Super Save Gas including 35 retail stations.

Acquired the Yukon operations of Northern Petroleum, a Whitehorse-based wholesaler with seven branded stations, and renamed it Great Northern Oil Inc. Parkland's total station count was now 335.

› 1998

Signed Letter of Intent to sell the Bowden Refinery to the Blood Tribe of Standoff, Alberta.

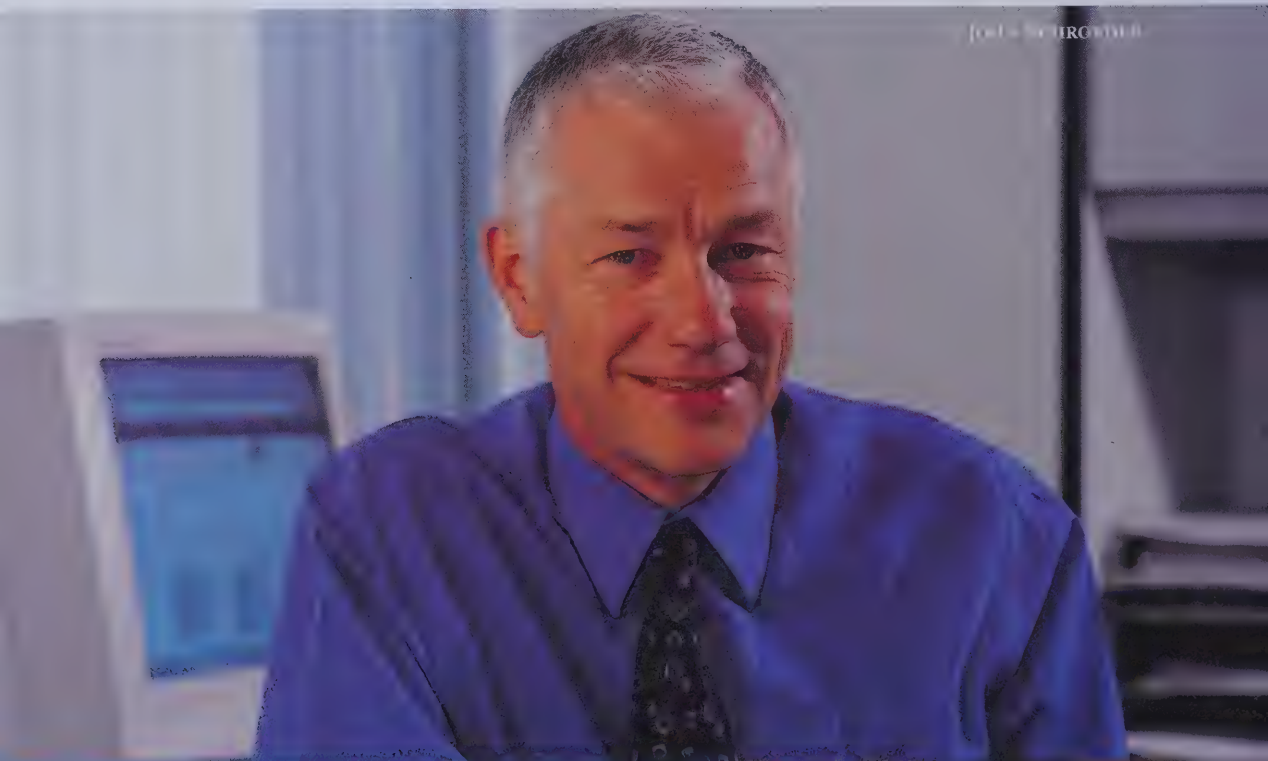


## ➤ 1999

Purchased Mega Fuels Inc. of central British Columbia including two retail sites and 15 independent supply accounts.

## ➤ 2000

Introduced Short Stop Food Stores at Fas Gas locations. Acquired Binks Petroleum and Petrowest, both of Alberta, to add to the wholesale fuel marketing operation.





## > 2001

Acquired Harvest Fuel accounts in Saskatchewan and Manitoba to add to the wholesale fuel marketing operation. Total station count for the business was now 446.



## OTHER BUSINESSES

### GREAT NORTHERN OIL

Great Northern Oil is our Whitehorse-based northern operation. Stations are situated in the Yukon, northern British Columbia and the Northwest Territories, with additional stations added in 2002 at Inuvik and Klondike Corner on the Dempster Highway. Combining 23 stations (branded Fas Gas or RT Fuels) with a mix of consignment and wholesale operations, Great Northern Oil is well established in key locations and positioned to capitalize on future energy development in the north. Great Northern Oil's operations include a storage facility from which it supplies heating fuel to Whitehorse and the surrounding area.

### PETROHAUL

Parkland's trucking business, Petrohaul, handles the majority of our fuel hauling requirements. Parkland owns and operates 39 long haul trucks and over 70 trailer units. Integrating fuel dispatch and site inventory management results in improved load efficiency. Driver training, safety and site audits are also key priorities.

### PARKLAND REFINING LTD.

Parkland's Bowden Refinery is a 6,500 barrel a day plant which we purchased from Shell in 1987 and operated until September 2001.

In 1998, we negotiated a Letter of Intent with the Blood Tribe of Standoff, Alberta to purchase the refinery.

The sale to the Tribe is conditional on receiving Federal Government approvals to create a reserve at the site and receiving confirmation of an exemption from Excise Tax. Although progress has been slow, the Tribe believes all preconditions have now been met and the Approval in Principle to create the reserve should be granted soon.

The refinery uses condensate as a feedstock which has periodically been priced at a premium to crude oil in recent years, primarily due to its use as a diluent in heavy oil transportation. As a result of this premium pricing, Parkland's fuel cost was non-competitive and we suspended operations at the refinery in September 2001. We are competitively sourcing all of our product through our supply contracts.

Should the sale not proceed, Parkland would pursue alternative operations for the site such as processing, blending or terminalling. If the site was ultimately required to be remediated, management believes remediation costs could be offset by equipment salvage, product recoveries and ongoing cost savings at the site.

Parkland, the Tribe and its third party financiers of the purchase all remain committed to complete the sale which would drive positive benefits to all parties.

We are not dependent on the completion of this sale to deliver our targeted distributions but a successful sale would provide attractive upside to unitholders.



FAS  
GAS

POP BOTTLE

POP BOTTLE

POP BOTTLE

DRINKS ICE

CAMPING GEAR

NOV. 1983

Our service is available in Canmore, AB



# ENVIRONMENTAL *and* COMMUNITY INITIATIVES

## ENVIRONMENTAL INITIATIVES

Parkland has established procedures to proactively manage environmental issues and mitigate risks within every aspect of its businesses. We ensure several risk management processes are in place and we monitor our sites and equipment on an ongoing basis.

Procedures related to prudent risk management of environmental matters fall into three areas:

- Parkland undertakes drilling and testing of soil and testing of tanks and lines prior to the purchase or lease of any new site. Ongoing monitoring is in place to track inventory balances at all retail stations. Parkland has installed cathodic protection systems to inhibit tank deterioration at all stations using steel tanks.
- We embrace the use of technology to ensure environmental standards are upheld. Currently, we own and operate an environmental mobile tank testing unit which provides effective underground tank testing as well as a truck-mounted drill that facilitates efficient, in-house soil testing.
- If required, remediation is done efficiently to meet or exceed required standards. Using our own experience, third party contractors and environmental consultants, these remediations often include low cost vapour extraction systems and monitoring. Given our attention to mitigating risk, remediation costs are relatively low.

## COMMUNITY INITIATIVES

At Parkland, we understand the importance of giving back to the communities in which we operate. Since Parkland was founded in 1977, we have actively contributed time and money, focusing on projects that create awareness around health, education and youth.

- Several health initiatives have received support from Parkland including the Alberta Heart & Stroke Foundation, the Canadian Cancer Society, Juvenile Diabetes, STARS Air Ambulance, the Red Deer Regional Hospital's Pediatric Unit and the Hospital's capital campaign for the purchase of an MRI unit.
- To foster education, Parkland sponsors 'subject' awards at high schools to recognize outstanding efforts in various areas of the school curriculum. The Fund offers scholarships to employees' children who clearly demonstrate the desire to further their education. Parkland supported the First Nations' scholarship program and Red Deer College's 'Taking Charge of Tomorrow' capital fundraising campaign.
- Our commitment to youth is often delivered through sponsorship or donations to youth sport teams, tournaments and other local initiatives. We also encourage our operators and employees to get involved in their communities.
- We join together as the Parkland team by participating in fundraising events for the United Way, the 'Make a Wish' Foundation, the Terry Fox Run and many other similar events across western Canada.

# CORPORATE GOVERNANCE

Under the terms of an administration agreement, the management and administration of the Fund is delegated to Parkland Industries Ltd., a subsidiary of the Fund, and its Board of Directors. The fundamental responsibility of Parkland's Board is to oversee the management of the business, with a view to delivering consistent and growing unitholder returns and ensuring the Fund conducts its business in an ethical and legal manner through an appropriate system of corporate governance.

The Board has the responsibility for:

## EXECUTIVE / SENIOR MANAGEMENT

- selecting, appointing, evaluating and (if necessary) terminating the CEO.
- establishing a position description for the CEO.
- delivering succession planning, including appointing, training and monitoring the performance of senior management.
- approving the compensation of the senior management team and the remuneration of the Board of Directors.

## BUSINESS STRATEGY / PLANS / BUDGETS

- adopting a strategic planning process, approval of strategic plans, and monitoring performance against plans.
- approving annual capital and operating plans and monitoring performance against those plans.
- approving all material amendments or departures proposed by management from established strategy, capital and operating budgets or matters of policy which diverge from the ordinary course of business.

## FINANCE / FINANCIAL REPORTING

- recommending cash distributions to the Fund.

## AUDIT / RISK MANAGEMENT

- policies and processes to identify business risks, to address what risks are acceptable to the Fund and ensure that systems and actions are in place to manage them.
- recommending an external auditor for unitholders to approve at the Annual Meeting of unitholders.
- approving external auditor scope of work and fees for annual audits and the scope of any non-audit related projects or engagements.
- approving the quarterly and full year financial statements, news releases and MD&A.
- policies and processes to ensure the integrity of the Fund's internal control and management information systems.
- policies and processes to ensure environment and safety compliance and consciousness.

## CORPORATE GOVERNANCE

- ensuring an appropriate, formal orientation program for new Directors.
- establishing procedures to allow the Board to function independently of management.
- assessing the contribution of the Board, committees and all Directors annually.
- approving a process for communication with the Fund and the Trustees.
- approving the nominees for election to the Board at the Annual Meeting of unitholders.
- establishing committees and approving their Chair, respective mandates and the limits of authority delegated to each committee.
- establishing an effective process of corporate governance consistent with TSX guidelines.



## BOARD of DIRECTORS



### ROBERT G. BRAWN

Mr. Brawn is the Chairman of Acclaim Energy Trust and has served on the Board since November 1996. He is a member of the Human Resources and Corporate Governance Committee as well as the Audit Committee.



### JAMES PANTELIDIS

Mr. Pantelidis is the President of JP & Associates Ltd. and has served on the Board since September 1999. He is Chairman of the Audit Committee. He served as Chairman and CEO of Bata Limited and prior to that was President of Petro-Canada Products.



### JACK C. DONALD

Mr. Donald is the Chairman of the Board of Directors. He has served on the Board since January 1977. He also serves on the Boards of Canadian Western Bank and Trust (Chairman), TransAlta Corporation, Ensign Resource Services Group Inc., Brandt Industries Ltd. and Deermart Equipment Sales Ltd.



### ALFIO L. TRUANT

Mr. Truant is the President of Red Deer Bottling Co. Ltd. and has served on the Board since February 1981. He is a member of the Audit Committee.



### JOAN M. DONALD

Mrs. Donald is the Vice-President of Parkland Properties Ltd. She has served on the Board since January 1977 and is a member of the Human Resources and Corporate Governance Committee. She serves on the Board of STARS (the Alberta Shock Trauma Air Rescue Service Society and Foundation).



### ANDREW B. WISWELL

Mr. Wiswell is President and Chief Executive Officer of Parkland Income Fund and has served on the Board since July 2002. He was previously President of ICG Propane and prior to that spent 16 years at Gulf Canada in several senior positions. He also serves as a Director of the Canadian Petroleum Products Institute and sits on the Red Deer College Board of Governors.



### ALAIN FERLAND

Mr. Ferland is the President of EFFA Management Inc. and has served on the Board since June 1999. He is Chairman of the Human Resources and Corporate Governance Committee. He serves on the Boards of Group ID, Wanted Technologies and the Montreal Symphonic Orchestra. Mr. Ferland is Past President of Ultramar Ltd.

## TRUSTEES



### THOMAS H. CHAPMAN

Mr. Chapman is Counsel to Chapman Riebeck, Barristers and Solicitors and is the Corporate Secretary of Parkland Industries Ltd. Prior to being appointed a Trustee in June 2002, Mr. Chapman served on the Board of Parkland Industries Ltd. since January 1977.



### TERRY D. LAWRENCE

Mr. Lawrence is the President of Sheer Energy Inc. Prior to being appointed a Trustee in June 2002, Mr. Lawrence served on the Board of Parkland Industries Ltd. since July 1983. He is Chairman of the Trustees.



### DAVID A. SPENCER

Mr. Spencer is a Partner with Fraser Milner Casgrain LLP in Calgary, Alberta, specializing in corporate finance, mergers and acquisitions and corporate governance. He was appointed as a Trustee as part of the June 2002 re-organization.

The Trustees have responsibility to supervise the investments and conduct the affairs of the Fund. The Trustees are responsible for, among other things:

- maintaining the records of the Fund and providing reports to unitholders.
- supervising the activities and managing the investments and affairs of the Fund.
- ensuring that the restrictions for non-resident ownership of units and ownership of foreign property are met.
- declaring distributions on the units and effecting payment of distributable cash to unitholders.
- voting in favour of the Fund's nominees to act as Directors of Parkland.
- issuing of units, including grants under the unit option plan and administration of the unit purchase plan.
- keeping informed of all material developments concerning the business of the Fund.
- assessing the contribution of all Trustees annually.

The administration and management of the Fund is delegated by the Trustees to Parkland Industries Ltd., a subsidiary of the Fund, and its Board of Directors.

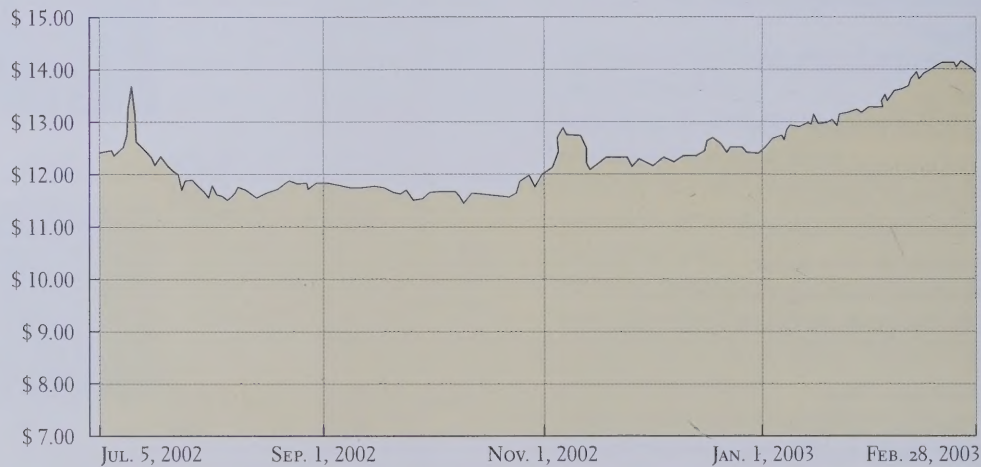
## SIX and TWELVE-MONTH REVIEW

(\$ thousands except per unit information)	SIX MONTHS	TWELVE MONTHS JUNE 30	
	DEC 31, 2002	2002	2001
Net Sales and Operating Revenue	260,228	442,559	494,482
Gross Margin	37,925	71,512	60,114
Earnings Before Income Taxes	10,632	19,125	11,210
Net Earnings	9,413	11,891	7,325
Earnings Before Interest, Taxes, Depreciation and Amortization	14,772	27,586	20,636
Cash Flow from Operations	13,291	20,363	15,258
Maintenance Capital Expended	1,956		
Cash Available for Distribution	11,335		
Cash Distributed Including Provision for Distribution Declared December 31, 2002	10,186		
Per Unit			
Net Earnings – Basic	0.78	1.08	0.67
Net Earnings – Diluted	0.78	1.08	0.64
Earnings Before Interest, Taxes, Depreciation and Amortization	1.22	2.51	1.81
Cash Available for Distribution	0.93		



## TRADING INFORMATION

### PARKLAND INCOME FUND



**52 WEEK HIGH - \$14.75, Low - \$7.63**

**STOCK SYMBOL: TSX: PKI.UN**

# CORPORATE INFORMATION

## HEAD OFFICE

Suite 236, Riverside Office Plaza  
4919 – 59th Street  
Red Deer, Alberta T4N 6C9  
Tel (403) 357-6400  
Fax (403) 346-3015  
Email: corpinfo@pkif.com  
Website: www.parkland.ca

## ANNUAL GENERAL MEETING

Thursday, May 8, 2003  
4 p.m. at the Black Knight Inn  
2929 – 50th Avenue, Red Deer, Alberta

## BANKER

HSBC Bank Canada  
108, 4909 – 49th Street  
Red Deer, Alberta T4N 1V1

## AUDITORS

Heywood Holmes & Partners LLP  
Chartered Accountants  
500, 4911 – 51st Street  
Red Deer, Alberta T4N 6V4

## LEGAL COUNSEL

Fraser Milner Casgrain LLP  
30th Floor  
Fifth Avenue Place  
237 - 4th Avenue SW  
Calgary, Alberta T2P 4X7  
  
Chapman Riebeck  
208, 4808 – 50th Street  
Red Deer, Alberta T4N 1X5

## STOCK EXCHANGE LISTING

Toronto Stock Exchange  
Trading Symbol: PKI.UN

## REGISTRAR and TRANSFER AGENT

Computershare Trust Company of Canada  
100 University Avenue  
Toronto, Ontario M5J 2Y1  
  
530 – 8th Avenue SW  
Calgary, Alberta T2P 3S8

## TRUSTEES

Thomas H. Chapman  
Terry D. Lawrence  
David A. Spencer

## DIRECTORS

Robert G. Brawn  
Jack C. Donald  
Joan M. Donald  
Alain Ferland  
James Pantelidis  
Alfio L. Truant  
Andrew B. Wiswell

## OFFICERS

Andrew B. Wiswell  
*President and Chief Executive Officer*

Thomas H. Chapman  
*Corporate Secretary*

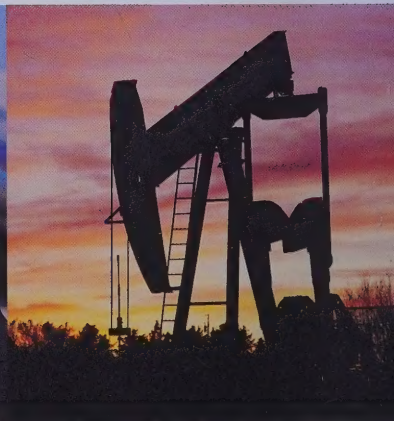
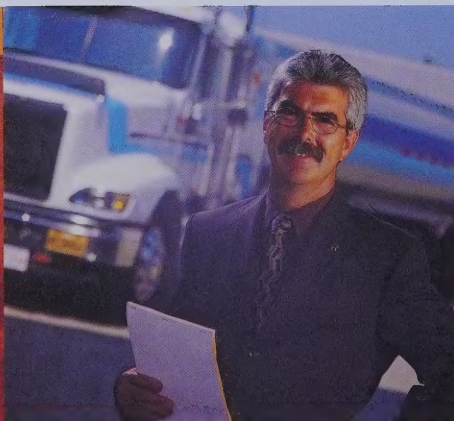
John C. Schroeder  
*Vice President, Finance/CFO*

Randy K. Nicholls  
*Controller, Wholesale*

Kelly G. Collier  
*Controller, Retail*

## WHOLLY-OWNED SUBSIDIARIES

Parkland Investment Trust  
986413 Alberta Ltd.  
Parkland Holdings Limited Partnership  
986408 Alberta Ltd.  
Parkland Industries Limited Partnership  
Parkland Industries Ltd.  
Parkland Refining Ltd.



PARKLAND INCOME FUND  
SUITE 236, RIVERSIDE OFFICE PLAZA, 4919 - 59TH STREET, RED DEER, ALBERTA T4N 6C9  
[WWW.PARKLAND.CA](http://WWW.PARKLAND.CA)